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and OTTOMOTTO LLC

17 UNITED STATES DISTRICT COURT
18 NORTHERN DISTRICT OF CALIFORNIA
19 SAN FRANCISCO DIVISION

20 WAYMO LLC,

21 Plaintiff,

22 v.

23 UBER TECHNOLOGIES, INC.;
OTTOMOTTO LLC; OTTO TRUCKING LLC,

24 Defendants.

25 Case No. 3:17-cv-00939-WHA

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27
28
**DEFENDANTS UBER
TECHNOLOGIES, INC. AND
OTTOMOTTO LLC'S RESPONSE
TO WAYMO'S OBJECTIONS AND
PROPOSED MODIFICATIONS TO
THE PENULTIMATE JURY
INSTRUCTIONS ON TRADE
SECRET MISAPPROPRIATION
AND SPECIAL VERDICT FORM**

1 **I. There is no “improper-acquisition-free” route to liability in this case.**

2 Waymo’s liability theory from the outset of this lawsuit has always been that Uber is
 3 using trade secrets that it knew or had reason to know were acquired through improper means.
 4 That is the only theory of misappropriation that Waymo pleaded:

5 Defendants misappropriated and threaten to further misappropriate trade secrets at
 6 least by acquiring trade secrets with knowledge of or reason to know that the trade
 7 secrets were acquired by improper means, and Defendants are using and
 threatening to use the trade secrets acquired by improper means without Waymo’s
 knowledge or consent.

9 Dkt. 23 (Am. Compl.) ¶ 84 (emphasis added). Waymo neither pleaded nor pursued an “improper-
 10 acquisition-free” theory. Yet again, “Waymo must be held to prove its showcase contention”.

11 Dkt. 2495 at 6.

12 The lone theory of liability in Waymo’s complaint was derived from one avenue of use-
 13 based misappropriation provided for in CUTSA and DTSA. Cal. Civ. Code §§ 3426.1(b)(2); *see*
 14 *also* 18 U.S.C. §§ 1839(5)(B) (substantively identical) (both block quoted at Dkt. 2550 at 2–3).
 15 Waymo does not appear to dispute that subdivisions (b)(2)(A) and (b)(2)(B)(i)—which line up
 16 with its Complaint ¶ 84—can be summarized as “acquisition, then use or disclosure.” Indeed,
 17 under (b)(2)(B)(i), the definition of “improper means” includes inducing a breach of a duty to
 18 maintain secrecy. Cal. Civ. Code § 3426.1(a); 18 U.S.C. § 1839(6) (defining “improper means”).

19 Instead, Waymo seeks to inject two brand-new “improper-acquisition-free” theories of
 20 liability, corresponding to subdivisions (b)(2)(B)(ii) and (iii) (for the DTSA, 18 U.S.C.
 21 §§ 1839(5)(B)(ii)(II) and (III)). Dkt. 2050-1 at 2. It claims, citing no authority, that it is a
 22 “recurring fact pattern” that “a subsequent employer commits misappropriation by using or
 23 disclosing trade secrets from an employee who first properly acquired knowledge of the trade
 24 secrets at his or her prior employment subject to a duty to maintain their secrecy.” Dkt. 2550 at 2.
 25 First, this is not a correct statement of the law. Waymo omits that the new employer must have
 26 “kn[own] or have reason to know” of the former employee’s breach of his duties. Cal. Civ. Code
 27 § 3426.1(b)(2)(B); 18 U.S.C. § 1839(5)(B)(ii).

28 Moreover, this hypothetical is simply not the theory Waymo chose to plead and pursue.

1 The theories of liability in (b)(2)(B)(ii) and (iii) depend on a “duty” to maintain the alleged trade
 2 secret’s secrecy or limit its use, and Uber’s knowledge of that duty. But Waymo made the
 3 strategic decision to “forsw[ear] reliance on its 2009 and 2012 agreements with Levandowski to
 4 prove up its claims.” *See* Dkt. 425 at 4. In denying Uber’s motion to compel arbitration, the Court
 5 noted equitable estoppel prevents “seeking to hold a nonsignatory liable via duties imposed by an
 6 agreement, while resisting arbitration called for by the same agreement on the ground that the
 7 defendant is a nonsignatory.” *Id.* at 3:26–28. Yet that is precisely what Waymo would do here: it
 8 would seek to prove its employees breached their employment agreements and to hold Uber liable
 9 for those breaches, while avoiding Waymo’s broad and clear agreement to arbitrate such claims.

10 The Court has already implicitly rejected Waymo’s arguments twice. *See* Dkt. 2251,
 11 Dkt. 2449. The Court should do so again, and hold Waymo to the case it pled.

12 **II. The jury should not be instructed on an improper-acquisition-only claim.**

13 Waymo argues that the jury should be instructed that it may find Uber liable for
 14 misappropriation if Uber improperly acquired any of the alleged trade secrets, even if Uber never
 15 used or disclosed them. But the Court has already held that Waymo has no damages claim based
 16 on acquisition. Dkt. 2495 at 6. Thus, Waymo has no right to a jury trial on acquisition:

17 As noted, the Supreme Court has told us four times that the nature of the remedy is
 18 more important for Seventh Amendment purposes than the nature of the right.
 19 Where, as here, the two conflict, we conclude that the equitable nature of the relief
 20 is dispositive, unless Congress lacks the power to so limit the remedies available
 21 for violations of section 510.

22 *Spinelli v. Gaughan*, 12 F.3d 853, 857 (9th Cir. 1993) (emphasis added). The CACI jury
 23 instructions themselves state that “the jury should be instructed only on matters relevant to
 24 damage claims.” CACI 4405 Directions for Use. Moreover, requiring the jury to determine
 25 acquisition alone would needlessly complicate matters by requiring resolution of thorny legal and
 26 factual questions regarding agency and imputation. It also would not save the Court any time, as
 27 any injunctive relief would require further judicial findings.

28 **III. The Penultimate Jury Instructions (“PJIs”) do not “conflate” liability and damages.**

29 Waymo argues again that damages should not be an element of its claim—but that is

1 contrary to the model instructions, as Uber previously demonstrated. Dkt. 2398. Moreover, PJI III
 2 clearly explains Waymo’s damages theory and provides context for the limitation on acquisition
 3 damages so that the jury does not second-guess or overlook it. And, Waymo’s “misappropriation
 4 claim for damages” is the only issue for the jury to decide. Injunctive relief is for the Court to
 5 decide—Waymo has no right to try a non-damages case to the jury. Finally, PJI IV properly and
 6 clearly sets forth the elements for Waymo “[t]o succeed on its claim for unjust enrichment,”
 7 which is the only issue that should be put before the jury to decide.

8 **IV. Waymo’s revisions to PJI XVI are improper.**

9 Waymo seeks to transform PJI XVI from a targeted clarification of a specific “corner
 10 case” of the meaning of “use” in trade secrets law, into a lopsided laundry list of all the ways a
 11 defendant might “use” a trade secret. Waymo’s proposed revisions—drawn from misstatements
 12 of non-binding decisions and untethered to the theories that Waymo pleaded—are unwarranted.

13 First, there are limits to the definition of “use.” For example, “slight” contributions may
 14 not count if the resulting product or process can be said to derive from other sources of
 15 information or independent creation. Dkt. 2549 at 4–5. Likewise, there is no “use” if there is no
 16 reduction of the value of the trade secret to its owner or unfair trade advantage to the defendant.
 17 *Id.* Waymo’s modifications to PJI XVI, however, suggest a variety of scenarios untethered to the
 18 facts or allegations in this case. By including multiple things that “use” **could be**, but omitting the
 19 things that “use” **is not**, Waymo gives an incomplete and misleading picture of the law.

20 Moreover, by instructing the jury that certain activities—like internal experimentation—
 21 “count” as use under the law, Waymo proposes to take a fact question away from the jury. This is
 22 error on its own, and would be compounded by the instruction’s failure to tell the jury what
 23 factors might lead such internal experimentation not to count as improper use. For example, if a
 24 party never obtained any sort of “unfair trade advantage,” such experimentation may not count as
 25 “use.” *See JustMed, Inc. v. Byce*, 600 F.3d 1118, 1130 (9th Cir. 2010) (block quoted at Dkt. 2549
 26 at 5); *see also O2 Micro Int’l Ltd. v. Monolithic Power Sys., Inc.*, 399 F. Supp. 2d 1064, 1072
 27 (N.D. Cal. 2005), *as amended*, 420 F. Supp. 2d 1070 (N.D. Cal. 2006), *aff’d*, 221 F. App’x 996
 28 (Fed. Cir. 2007) (block quoted at Dkt. 2549 at 8).

1 Waymo's proposed additions also misstate the law. For example, Waymo asks to instruct
 2 the jury that "Actual use does not require using all features, characteristics or elements of the
 3 trade secret." Dkt. 2550-1 at 2. But in the ***very block quote that Waymo identifies*** as supposed
 4 support for this proposition, the court said that "taking a bundle of trade secrets and not using the
 5 entire bundle" could still count as "use"—not that use of only ***part*** of a ***single*** alleged trade secret
 6 could incur liability. *InfoSpan, Inc. v. Emirates NBD Bank PJSC*, 2015 WL 13357646, at *5
 7 (C.D. Cal. May 6, 2015). Tellingly, Waymo also urges the Court to instruct the jury that a trade
 8 secret can be combined from public elements. Dkt. 2550-1 at 2 (proposed PJI X). If Waymo's
 9 modifications are both adopted, the jury could hold Uber liable for using information concededly
 10 and wholly in the public domain. (*See also* Section V, *infra*).

11 As another example, Waymo's proposed addition that use can mean "using a competitor's
 12 designs to accelerate its own research and development process" unduly emphasizes Waymo's
 13 preferred theories. *Gill v. Manuel*, 488 F.2d 799, 802 (9th Cir. 1973) ("Repetitious instructions
 14 which place undue emphasis on matters favorable to either side constitute reversible error.")
 15 (quotations omitted). And the non-binding *dicta* that Waymo cites is not about research and
 16 development at all; it concerns alleged misappropriation of trade secrets through incorporation
 17 into software. *Agency Solutions.Com, LLC v. TriZetto Grp., Inc.*, 819 F. Supp. 2d 1001, 1028–29
 18 (E.D. Cal. 2011).

19 Waymo's proposed additions are prejudicial in other ways. For example, Waymo would
 20 have this Court instruct the jury regarding use of a "competitor's design," and even worse, a
 21 "stolen design," rather than a competitor's ***trade secret***. This invites error by asking the jury to
 22 find liability based on use of non-trade-secret aspects of a competitor's design.

23 **V. Waymo's proposed revisions to PJI X are confusing and improper advocacy.**

24 Waymo proposes unnecessary and confusing additions to PJI X. This instruction concerns
 25 the secrecy with which a company protects its information—not what the information ***is***. There is
 26 no need to state that proprietary compilations of public data can sometimes be trade secrets, in
 27 this or any other instruction. Moreover, this instruction is unnecessary on the facts of this case.
 28 Waymo has never argued that its alleged trade secrets are protectable because they are compiled

1 from public sources. The case Waymo relies upon, *United States v. Nosal*, demonstrates just how
 2 far afield this action is from one where a “combinations” instruction would be proper. There, the
 3 court considered the misappropriation of a vast database not only of publicly available
 4 information about over a million executives, but also data that was enriched with proprietary
 5 algorithms enabling the owner, an executive search firm, to promptly identify the best candidates.
 6 844 F.3d 1024 (9th Cir. 2016), *cert. denied*, 138 S. Ct. 314 (2017). The very next paragraph after
 7 Waymo’s quotation highlights the uniqueness of the database at issue:

8 The source lists in question are classic examples of a trade secret that derives from
 9 an amalgam of public and proprietary source data. To be sure, some of the data
 came from public sources and other data came from internal, confidential sources.
 10 But cumulatively, the Searcher database contained a massive confidential
 compilation of data, the product of years of effort and expense. Each source list
 11 was the result of a query run through a propriety algorithm that generates a custom
 subset of possible candidates, culled from a database of over one million
 12 executives. The source lists were not unwashed, public-domain lists of all financial
 13 executives in the United States, nor otherwise related to a search that could be
 readily completed using public sources. Had the query been “who is the CFO of
 14 General Motors” or “who are all of the CFOs in a particular industry,” our analysis
 might be different. Instead, the nature of the trade secret and its value stemmed
 15 from the unique integration, compilation, cultivation, and sorting of, and the
 aggressive protections applied to, the Searcher database.
 16

17 *Id.* at 1042–43 (emphasis added). *Nosal* thus offers no support for Waymo’s proposed addition to
 18 PJI X. And Waymo’s proposed language omits this important dimension of the doctrine, as it fails
 19 to say anything about the requirement that it must be so difficult to reconstruct a “combination”
 20 trade secret that the trade secret is not “readily ascertainable” despite being a combination of
 21 public information; nor does it recognize that *Nosal* involved proprietary data and algorithms.

22 The prejudice to Uber would be especially severe if the Court also accepted Waymo’s
 23 proposal to add to PJI XVI an instruction that misappropriation does not require using all features
 24 of a trade secret, as described above.

25 **VI. Waymo’s requested modifications to PJI XX are unnecessary and improper.**

26 Waymo asks the Court to delete the instruction to the jury in PJI XX that they should
 27 subtract Uber’s “reasonable expenses, including the dollar value of its own independent research
 28 and development” from any unjust enrichment amount. Dkt. 2550-1 at 4. Waymo offers no legal

1 support for the proposition that this clear and well-supported proposed instruction should be
 2 changed. Instead, Waymo is asking the court to decide, as a matter of law and before the evidence
 3 is in, that there is nothing to deduct. Waymo is wrong as a factual matter. The burden is on
 4 Waymo to prove that any unjust enrichment was due to misappropriation of the trade secrets, and
 5 among other issues, Waymo’s argument refers to expenses related to the *entire company*.
 6 Dkt. 2550 at 9–10. In any event, the Court should not take this question away from the jury before
 7 both sides have a chance to put in evidence.

8 **VII. A biased adverse inference instruction is improper and premature.**

9 The Court has already rejected Waymo’s argument that the Court should prohibit the jury
 10 from drawing inferences that are unfavorable to Waymo—in setting its ground rules for adverse
 11 inferences the Court noted that “both sides” intend to ask the jury to draw inferences. Dkt. 1535.

12 Moreover, Waymo’s proposed revisions are premature. It would be improper to decide the
 13 scope of possible inferences—and against which side(s) the jury is permitted to draw them—
 14 before the Court performs its gatekeeping function to determine which questions are supported by
 15 independent corroborating evidence. *Id.* And if the Court does allow Levandowski to be called to
 16 testify, it is the jury—not Waymo or its lawyers—who will decide whether to draw inferences
 17 against one side or the other. To instruct that the jury must apply that law in favor of Waymo and
 18 against Uber would prejudice Uber and erroneously take a question of fact away from the jury.

19 **VIII. The Court should reject Waymo’s efforts to confuse the jury by instructing that the
 20 separate proceeding Waymo brought should not be accounted for in computing
 damages for trade secret misappropriation in this case.**

21 Waymo’s proposed revisions to PJI XXVII are unnecessary, confusing and prejudicial. As
 22 we said at the pretrial conference, Uber has no intention to argue that the jury “shouldn’t do
 23 anything because they [Waymo] have already sued Levandowski.” 1/30/2017 PTC Hr’g Tr.
 24 109:9–17. Nor does the Court’s proposed PJI XXVII suggest as much; instead, it correctly
 25 instructs the jury that in order to hold Uber or Ottomotto liable, Waymo must “prove the elements
 26 of proof set forth in these instructions.” Dkt. 2449 at 11. Waymo’s proposed addition is not
 27 tailored to this issue, however. Waymo instead would tell the jury that “You should not consider
 28 any *recovery* that Waymo might obtain from Levandowski in the other proceeding, as this will

1 not compensate Waymo for its *losses* arising from any trade secret misappropriation.” Dkt. 2550-
 2 1 at 5 (emphasis added). But nothing about the Court’s proposed instruction suggests that
 3 recoveries Waymo might obtain from Levandowski should be applied as an offset by the jury.
 4 What is worse, Waymo’s reference to its own “losses” would confuse the jury by injecting an
 5 irrelevant issue into a case where Waymo, by its own admission, has no claim for recovery of its
 6 losses. Dkt. 2397 at 4 (“Waymo does not seek damages in the form of actual losses”).

7 **IX. A reasonable royalty is an issue for the Court, not the jury, and Waymo has chosen
 8 to pursue a reasonable royalty theory that is predicated on first showing unjust
 enrichment.**

9 This issue is separately addressed in the parties’ Joint Submission that was ordered by the
 10 Court on February 2. See Dkt. 2611. In addition, Uber notes that the only reasonable royalty
 11 theory Waymo has ever disclosed is based on a percentage increase over its unjust enrichment
 12 damages, so it is not clear how an unjust enrichment award could be overturned while the royalty
 13 award based on that number stands. There is a far greater risk of prejudice by allowing Waymo to
 14 infect the jury’s unjust enrichment computation with reasonable royalty arguments.

15 **X. The “Alleged Trade Secrets” should be described as “Alleged”, not as “Claimed.”**

16 The Court has already referred to the Alleged Trade Secrets as “alleged,” and therefore
 17 Uber believes this objection is moot. In any event, it is meritless. Waymo has made allegations;
 18 now it has the burden to prove them. In claiming that the jury might be confused by this common
 19 word, Waymo quotes the *third and last* definition given for “alleged” in Merriam-Webster’s. The
 20 *first two* definitions given for “alleged” demonstrate that “alleged” is the right word:

- 21 1 : accused but not proven or convicted • an *alleged* burglar;
 22 2 : asserted to be true or to exist • an *alleged* miracle • an *alleged* conspiracy
 23 3 : questionably true or of a specified kind : supposed, so-called • bought an
 alleged antique vase

24 Definition of Alleged, Merriam-Webster Online Dictionary, available at <https://www.merriam->
 25 [webster.com/dictionary/alleged](https://www.merriam-webster.com/dictionary/alleged). Moreover, Waymo’s proposed substitution—“claimed”—is
 26 prejudicial. “Claimed” fails to acknowledge that the alleged trade secrets might not be trade
 27 secrets at all, and also insinuates ownership, as in “patent claims” or “land claims.” This suggests
 28 that Waymo has already satisfied one of the elements of its burden of proof—that it owned an

1 enforceable trade secret—when it is the jury who must make that determination. *See* PJI V.

2 **XI. The last sentence of PJI XVII is accurate and will assist the jury.**

3 The sentence of PJI XVII that Waymo complains about is straight out of CACI 430. It is
 4 neither redundant nor confusing. Rather, it is a straightforward summation of “but-for” causation.
 5 The CACI Directions for Use indicate that this sentence should not be used in a “case involving
 6 concurrent independent causes,” where but-for causation is inapplicable. This is not such a case.

7 Finally, Waymo’s contention that the last sentence of PJI XVII incorrectly injects a
 8 requirement of showing “harm” into the elements of Waymo’s case is just plain wrong. Waymo
 9 misquoted the Court’s instruction in PJI XVII, which does not mention the word “harm.” Rather,
 10 the Court’s PJI XXVII states that “Conduct is not a substantial factor in causing unjust
 11 enrichment if the same benefit would have occurred without that conduct.” Waymo’s brief
 12 substitutes “harm” for “unjust enrichment,” and “same harm” for “same benefit,” and then argues
 13 against the misquoted language. No change to the instruction is needed.

14

15 Dated: February 6, 2018

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ATTESTATION OF E-FILED SIGNATURE

I, Arturo J. González, am the ECF User whose ID and password are being used to file this Response. In compliance with Civil L.R. 5-1(i)(3), I hereby attest that Karen L. Dunn has concurred in this filing.

Dated: February 6, 2018

/s/ Arturo J. González
ARTURO J. GONZÁLEZ